

# Audit Report

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## **Fire Department Search and Rescue Canine Unit**

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Office of the County Auditor  
Baltimore County, Maryland  
June 1999



**BALTIMORE COUNTY, MARYLAND  
OFFICE OF THE COUNTY AUDITOR**

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June 22, 1999

Honorable Members of the County Council  
Honorable C.A. Dutch Ruppertsberger, III, County Executive  
Baltimore County, Maryland

Gentlemen:

We have audited the Fire Department's Search and Rescue Canine Unit for the period beginning October 2, 1989 and ending September 27, 1998.

The Search and Rescue Canine Unit was established in October 1989, and discontinued operations on September 27, 1998. During this period, the Unit received donations totaling \$57,425 of which \$25,257 has been expended, leaving a balance of \$32,168 in the Program. At its peak of operations, the Unit included three dogs and their handlers. Search dogs were utilized in the following areas: water search, buried subjects, wilderness search (lost subject), trench rescues, cadaver (body) search, disaster search, building collapse, and locating body parts.

Our audit disclosed that donated funds totaling \$44,644 were deposited into an unauthorized bank account and that donated funds totaling \$5,187 were spent without proper approval. Our audit also disclosed that costs totaling \$2,667 related to the Unit's Canine Search and Rescue Program were incurred prior to Council approval, and certain donations totaling \$860 have not been submitted to the Council for approval. Our audit further disclosed that documentation supporting donations received by the Unit was not always available for audit verification.

At the conclusion of our audit, we made a few other suggestions and recommendations to the Department regarding the proper reporting and record keeping of donated funds.

The Fire Department's response to our findings and recommendations are included in the Appendix to this report.

Our audit reports and responses thereto are available to the public and may be obtained by contacting the Office of the County Auditor, Courthouse, 400 Washington Avenue, Towson, Maryland, 21204.

We wish to express our appreciation to the Fire Department and those associated with the Search and Rescue Canine Unit for the cooperation and assistance extended to us during our audit.

Respectfully submitted,



Brian J. Rowe, CPA  
County Auditor



Bob E. Crouse, CPA  
Audit Manager

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## Background Information

The Baltimore County Fire Department's Search and Rescue Canine Unit was officially established on October 2, 1989 and discontinued operations on September 27, 1998. During this period of time, the Unit received private donations totaling \$57,425, of which \$25,257 has been expended, leaving a balance of \$32,168. We were advised that the County is considering donating these funds to the Chesapeake Search and Rescue Dog Association, Inc.; however, a final decision has not been made as of June 9, 1999.

In 1989, the Unit was originally comprised of four handlers and two specially trained dogs; one handler left the program in 1991. In April 1995, a third dog was added. Handlers and dogs received extensive training in the following areas: swift water rescue, confined space rescue, technical rope rescue, building collapse, trench rescue, maps and compass, fundamentals of search and rescue, helicopter operations, managing the search function, emergency medical services, disaster operations, and crime scene operations. The salaries and fringe benefits of the handlers were paid by the Department's general fund operating budget; other costs (e.g., purchase of dogs, training, travel, supplies and equipment) were paid from donated funds accounted for in the three budgeted programs as follows:

<u>Date Established</u>	<u>Program</u>	<u>Donations</u>	<u>Expenditures</u>	<u>Balance</u>
October 1989	Canine Search and Rescue Program	\$6,260	\$6,260	\$0
April 1995	Advanced Tactical Rescue (ATR) Dogs	2,260	2,260	0
September 1996	Barney Fund Program	<u>48,905</u>	<u>16,737</u>	<u>32,168</u>
	Total	<u>\$57,425</u>	<u>\$25,257</u>	<u>\$32,168</u>

## Findings and Recommendations

### Barney Fund Program - Donations

1. **An unauthorized bank account was established to account for the receipt and disbursement of donated funds and donated funds were spent without proper approval.**

In response to media coverage of the cancer diagnosis of the search and rescue dog named Barney, donations totaling \$48,905 were received from the public during the period from February 1996 to August 30, 1996 to pay veterinarian bills for Barney's cancer treatment. Costs totaling \$16,737 were incurred for Barney's medical treatment (\$10,106) and other operating costs (\$6,631) related to the Search and Rescue Canine Unit's activities. Our review of the receipt and disbursement of donated funds disclosed the following:

- A separate bank account was set up to account for the receipt and disbursement of donated funds. However, this account was opened without the authority of the Director of Budget and Finance. Donations totaling \$44,644 were deposited into this account; disbursements from the account totaled \$1,176.
- Funds totaling \$5,187 were spent without Council approval and were made outside the County's disbursement system. Specifically, donated funds totaling \$4,011 were paid to the Falls Road Animal Hospital directly without being recorded in the Department's accounts and records and \$1,176 was paid directly from the bank account rather than being processed through the County's disbursement system. The receipt and disbursement of these funds were not approved by the County Council.

The Baltimore County Charter Section 515 states that "...the director of finance shall have...charge of the administration of the financial affairs of the county, including the collection of...fees and other revenues and funds of every kind due to the county...the custody and safekeeping of all funds...the disbursement of county funds...the keeping and supervision of all accounts...." Further, County Charter, Section 715 requires that no department "...shall, during any fiscal year, expend...any money...in excess of amounts appropriated or allotted for the same general classification of expenditure in the budget for such fiscal year or in any supplemental appropriation...."

**We recommend that the Department comply with the Baltimore County Charter. Specifically, we recommend that all funds be forwarded to the Director of Budget and Finance for deposit and safekeeping and be submitted to the Council for approval in accordance with the Baltimore County Charter.**

## Canine Search & Rescue Program

- 2. Program costs were incurred prior to funds being approved by the County Council and certain donations have not been submitted to the Council for approval. Additionally, donated funds were expended on costs unrelated to Program activities.**

Donations to the Canine Search & Rescue Program totaled \$6,260 from the Fall of 1989 to July 1993. Specifically, in the Fall of 1989, North Carolina National Bank (NCNB) of Maryland awarded the first donation of \$5,400 to establish the Fire Department's Canine Search and Rescue Program. Funds were to be used to purchase and train two dogs. In addition, from October 1990 to July 1993, the Department received 15 private donations totaling \$860 for the Program. Program costs totaled \$5,896 from September 1989 to March 1993; the remaining balance of \$364 was transferred in June 1995 to another canine search and rescue grant program (i.e., ATR Search and Rescue Dogs). Our review of the receipt and disbursement of the donated funds disclosed the following:

- Program costs totaling \$2,667 (i.e., training costs, purchase of two puppies and supplies), were incurred by the Department prior to the County Council's approval of NCNB's total donation of \$5,400 on October 2, 1989 (Bill 133-89).
- Funds totaling \$860 from 15 donors have not been submitted to the Council for approval.
- On March 2, 1990, donated funds totaling \$138 were expended to cover a theft from the Department's petty cash fund which occurred on February 22, 1990. This expenditure is unrelated to the activities of the Canine Search and Rescue Program and therefore, is not consistent with the purpose of the donation.

The Baltimore County Charter, Section 715 requires that no department "...shall, during any fiscal year, expend...any money or incur any liability...in excess of the amounts appropriated or allotted for the same general classification of expenditure in the budget for such fiscal year or in any supplemental appropriation...." Funds donated to this Program were restricted by the donors to be used for canine search and rescue activities.

**We recommend that the Department comply with applicable provisions of the County Charter regarding the proper approval and disbursement of funds. We further recommend that donated funds be expended only for the purpose(s) for which the funds were donated.**

## Inadequate Record Keeping

**3. Documentation supporting donations received by the Search and Rescue Canine Unit was not always available for audit.**

Approximately 1,500 donations totaling \$48,905 were received from the public during the period from February 1996 to August 30, 1996 to pay veterinarian bills for cancer treatment provided to the Department's search and rescue dog, Barney. A separate bank account was set up in which the donations were deposited and related expenses were paid for Barney's treatment. However a list of donors, amounts donated, or the opening bank statement reflecting the initial deposit of donations was not available. Consequently, we were unable to account for all donations. The County's records retention schedule requires that cash receipts records be retained for a period of five years.

**We recommend that the Department comply with applicable provisions of the County's Records Retention and Disposal Schedule regarding the proper retention of documentation related to cash receipts.**



## **Audit Scope, Objectives and Methodology**

We audited the Fire Department's Search and Rescue Dog Unit for the period October 2, 1989 through September 27, 1998. The audit was conducted in accordance with generally accepted government auditing standards.

Pursuant to the authority contained in the Baltimore County Charter, Section 311, the objectives of this audit were to examine the financial transactions, records and internal controls related to Unit activities funded by private donations, and evaluate compliance with applicable laws, rules, regulations and donor requirements for the period from the Unit's inception (October 2, 1989) to its termination (September 27, 1998). In planning and conducting our audit, we primarily focused on the financial-related areas funded by private donations. Salary and fringe benefit costs for the Unit's dog handlers were funded by the Department's General Fund Operating Budget and, accordingly, were not part of our audit scope.

Our audit procedures included inquiries of appropriate personnel, and inspection of documents and records pertaining to the receipt and expenditure of donated funds for all three of the Unit's grant Programs. We also tested transactions and performed other auditing procedures as we considered necessary in the circumstances to achieve our objectives.

The Department's management is responsible for establishing and maintaining an adequate internal control structure. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded and that transactions are processed and properly recorded in accordance with management's authorization. Because of inherent limitations in any internal control structure, errors or fraud may nevertheless occur and not be detected. Compliance with applicable laws, rules, regulations, policies, and procedures is also the responsibility of the Department's management.

Our reports on fiscal compliance are designed to assist the Baltimore County Council in exercising its legislative oversight function and to provide constructive recommendations for improving County operations. As a result, our reports do not address activities we reviewed that may be functioning properly.


This report includes findings and recommendations relating to conditions that we consider to be significant deficiencies in the design or operation of the internal control structure that could adversely affect the Department's ability to safeguard assets or properly record authorized transactions. This report also includes findings and recommendations relating to instances of noncompliance with applicable laws, rules, regulations, policies or procedures.

**BALTIMORE COUNTY, MARYLAND**

**INTER-OFFICE CORRESPONDENCE**

**DATE:** June 21, 1999

**TO:** Brian J. Rowe, County Auditor

**FROM:**  John F. O'Neill, Fire Chief

**SUBJECT:** Search & Rescue Canine Unit

The Fire Department is submitting the attached copy as the response to the audit conducted by your staff of the Search and Rescue Canine Unit. As you know, the Unit was operational for the period of October 2, 1989 through September 30, 1998. Over the course of this period, the personnel specifically involved with the unit either retired or were reassigned.

The three concerns raised in the audit were addressed before the County Council at the work session in September of 1996. However, we have diligently provided your staff with any and all information that remained in our possession and revisited the issues from discussions with the previous Council members and Auditor's staff.

As always we are happy to assist your staff in any manner.

**FIRE DEPARTMENT**  
**RESPONSE TO AUDIT REPORT**  
**SEARCH AND RESCUE CANINE UNIT**

***Barney Fund Program - Donations***

- 1. An unauthorized bank account was established and donations were spent without proper approval.**

The following facts were discussed three years ago, at the County Council meeting on September 3, 1996, when the Barney Fund appropriation was approved by Council:

The "Barney Fund" began in February 1996, with a jar being placed on the counter at the Falls Road Animal Hospital, where Barney was being treated for cancer. The animal hospital had been donating veterinary services to the Baltimore County search and rescue dogs, but they were not able to absorb the cost of Barney's cancer treatments. A jar was placed on the counter to collect donations from the public. The news media became aware of Barney's treatments, and the story appeared in the newspaper. It was at this time that donations started pouring into the animal hospital at an unanticipated rate. A mechanism to deal with the donations had to be set up quickly, which is why the officer in charge of the Advanced Tactical Rescue (ATR) Team opened the bank account. It was not foreseen that over \$40,000 would be donated.

The officer in charge who set up the bank account did so outside the guidelines of the Department. The Fire Chief did not authorize his actions. The Department's budgetary safeguards were in place then and now, but they were not adhered to by the officer.

The Falls Road Animal Hospital kept \$4,011 of the donations made directly to them at the beginning of the "campaign" to pay for treatments they provided to Barney. This money was not paid by the Fire Department to the animal hospital.

The only checks drawn from the bank account before County Council approval were checks totaling \$1,176 to pay [REDACTED], V.M.D., the veterinary oncologist, so that Barney's treatments could continue. This was, also, initiated by the abovementioned officer and without the Fire Chief's knowledge or authorization.

***Canine Search & Rescue Program***

- 2. Program costs were incurred prior to funds being approved by the County Council and certain donations have not been submitted to the Council for approval. Additionally, donated funds were expended on costs unrelated to Program activities.**

In a letter to Lt. [REDACTED], a member of the K-9 Unit, dated July 26, 1989, from North Carolina National Bank (NCNB) of Maryland, the Vice President of the bank states that NCNB is "committing" \$5,400. On August 7, 1989, a Legislative Fact Sheet was sent to [REDACTED], then Administrative Officer, to obtain Council approval to set up the appropriation. The appropriation was approved and account no. 005-016-1628 was set up for \$5,400. However, only \$2,733.10 was actually received from NCNB. An additional \$860 was received from other donations and placed in the account. The total revenue received was \$3,593.10.

Since these events took place ten years ago, some of the individuals who would be familiar with the facts involved are no longer with the Department and cannot be contacted. In a letter from Lt. [REDACTED] to [REDACTED] of NCNB, he provides a list of proposed search dog expenditures, which total \$2,666.90. It might be inferred that NCNB paid for these expenditures directly and sent the balance of the \$5,400 commitment to the County (\$2,733.10 check referred to above). Therefore, the Department did not incur the expenses prior to County Council's approval, but the bank chose to pay for these expenses directly.

As mentioned above, the \$860 in additional donations was deposited into account no. 005-016-1628. These deposits were made with the knowledge and approval of the Office of Finance (see attached memo to [REDACTED], Chief Accountant, August 8, 1991).

With regard to the \$138 expended from grant funds to cover a theft of petty cash, the Department concurs that the transaction was inappropriate and that a direct payment should not have been issued in this instance.

### ***Inadequate Record Keeping***

#### **3. Documentation supporting donations received by the Search and Rescue Canine Unit was not always available for audit.**

The records relating to donations, specifically the list of donors and the opening bank statement, were retained by the Canine Search & Rescue Unit personnel. As stated previously, the Unit's personnel did not conform to established Department's procedures on record retention or budgetary policy.

INTER-OFFICE CORRESPONDENCE

TO [REDACTED], Chief Accountant

DATE August 8, 1991

FROM [REDACTED], Executive  
Officer, Fire Department

SUBJECT Revenue Account for Canine  
Search & Rescue Team

The Fire Department has recently received donations to defer the operational expenses incurred by our Canine Search & Rescue Team. At this point, the Department has in its possession three checks totalling \$110.00. I spoke with [REDACTED] regarding the processing of these checks and any future donations.

[REDACTED] and I agree that the checks in the Fire Department's possession should be immediately deposited in the revenue account 9009, Miscellaneous Revenue. However, with regard to processing future donation checks, the Department would prefer that a separate revenue account be established. We estimate that these donations should reach approximately \$5,000-\$6,000. The Department's intent is to allow these monies to accumulate in this revenue account for the purpose of appropriating funds at a later date into the existing Canine Search and Rescue Team grant program, 005-016-1628.

Please inform me of your decision in this matter as soon as possible. As always, thank you for your continued cooperation.

JTJ:aj

cc: [REDACTED], Office of Finance  
Chief [REDACTED]  
Battalion Chief [REDACTED]